

20 October 1978

MEMORANDUM FOR: All National Intelligence Officers
FROM : Presidential Briefing Coordinator
SUBJECT : Preparations for DCI/NIO Meeting

Attached for your perusal is a background paper for the
DCI/NIO meeting which is scheduled for 1400, Monday, 23 October,
in the DCI Conference Room.

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Attachment

cc: DD/NFA
DD/NFAC

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PROSPECTS FOR DEMOCRATIC GOVERNMENT IN LATIN AMERICA

I. Today 13 countries in Latin America, excluding Cuba, with a total population of over 200 million, are under some form of direct or indirect military rule. The generals in most of these countries -- with the exception of the Stroessner dictatorship in Paraguay -- ^{do not} want or intend to remain in power indefinitely. A growing sentiment throughout the hemisphere favors civilian rule, or at least broader civilian participation in the governing process. Leaders in the area know that the US and, to a lesser extent, governments in Western Europe are uncomfortable dealing with military regimes. But developmental problems and national security concerns, some real and some imagined, will remain a serious roadblock to constitutional, democratically-elected government.

Military rule has deep roots in Latin America, and is legitimized to some extent in most constitutions which often grant the military extraordinary authority to regulate elections, to preserve order, and, in some cases, to perform quasi-judicial functions in interpreting constitutional provisions. The fragmentation of political parties and the relative weakness of civilian institutions sometimes provide no viable alternative to military rule. Some military takeovers have been responses to special historical or economic circumstances, such as the takeover of tin mines in Bolivia, the trend toward Marxism in Brazil, or the growth of the Peronist movement in Argentina. The military regimes resulting from these patterns vary greatly, reflecting the different conditions in each country and the

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great diversity within the region as a whole.

II. A few military governments, such as the Andean states of Peru, Bolivia, and Ecuador, have set rough timetables for a transition to civilian rule within the next two to three years. In Central America, military leaders/are faced with serious socio-economic problems, spiraling violence, and the prospect of continuing instability in El Salvador and Guatemala in neighboring Nicaragua. They will dig in their heels and try to repress any form of opposition. Others, particularly those in the Southern Cone, are determined to restructure the political fabric of their societies and will want to maintain control well into the 1980s.

Because of Brazil's preeminence in South America, the speed and extent to which the high command there allows democratization to proceed -- and the ultimate success or failure of the process -- will have an important impact on its neighbors. The success of the "Brazilian Model" which emerged after the armed forces takeover in 1964, has not been lost on military planners and strategists in other countries. The Brazilian generals' explicit commitment to eliminate subversion, corruption and politics, and to foster rapid economic development under an umbrella of order, is being echoed in Argentina, Chile, and Uruguay.

Southern Cone leaders, like their counterparts in Brazil, believe that liberal democracy in the traditional Western sense, is outmoded. Moreover, on the international scene, they doubt liberal democracy's ability to compete with totalitarian communism. The corrupt and inept politicians spawned by democratic, civilian governments are

unable to formulate and sustain a development program. Underdevelopment brings subversion, insurgency and ultimately revolution. They reason that the solution is a sweeping structural revision of existing political and economic patterns. And this can be accomplished only during a prolonged period of direct military rule.

Despite this perceived need to create new political institutions, formulas are slow to emerge. New constitutions and national reorganization plans have been written or are being prepared, but military rule today functions on "decree laws" and "institutional acts" and depends overwhelmingly on military power. On paper, at least, Chile has established a tentative timetable for transition to a "new institutionality. It undoubtedly will be changed and the process will vary significantly in other countries. But the Chilean program gives a rough idea of the direction toward which the generals in the Southern Cone, and perhaps Brazil, are leaning.

- A. The timetable is three-staged and characterized by declining role for military and gradual increase of civilian involvement.
- B. Stage 1 - Recuperation: ending subversion, economic recovery and growth, this stage should end about 1980.
- Stage 2 - Transition: military junta will continue to govern but from 1980 to 1985, a parliamentary body based on representatives of regions and

appointed by the President will share
legislative authority with junta.

Stage 3 - Consolidation: in 1985, the electorate itself
will choose two-thirds of the members of Parliament
by methods "favoring the selection of the most
capable" and preventing political parties from
again becoming monopolistic. The other third
of Parliament will be appointed by the President.
In 1985 Parliament will approve a new constitution
and also "designate" a new President for a six-
year term.

III. Whatever timetable or formula the Southern Cone chooses, the
movement toward civilian, constitutional government will be at a glacial
pace. These most European of South American states (with the exception
of Paraguay) experienced two decades of economic, social, and political
disarray following World War II. Economic stagnation was brought on/by in large part
a political stalemate among the various contenders for power, such as
large landowners, industrialists, the army, the church, the middle class,
intellectuals, and the labor unions. The political parties and govern-
ment bureaucracies, dominated by the largest and oldest middle class in
Latin America, proved unequal to the challenge of political and economic
reform. Society became increasingly fragmented and alienated as economic
stagnation was complicated by rampant inflation. In the mid-1960s, many
middle class youths, despairing of their future and unable to gain needed

reform through legitimate political means, drifted into extremist groups. The region was then rocked by rampant terrorism that was not brought under control for more than a decade in Uruguay and not until 1976 in Argentina.

The climax came in late 1973 with revolutionary upheavals in all three countries. In Argentina, former President Juan Peron returned from an 18-year exile and regained power from a military regime that for seven years had been unsuccessfully trying to cope with the country's manifold problems. In Uruguay, terrorism precipitated the beginning of a military dictatorship. In Chile, the armed forces ousted President Allende after a three-year conflict between his Socialist-Communist coalition and an anti-Marxist majority in the congress.

The experiences of the past three decades have convinced many leaders in the region, military as well as civilian, that their societies have survived a new kind of communist-inspired civil war and that representative democracy is not an appropriate system for the foreseeable future.

IV. After 14 years of rule, the Brazilian armed forces appear to have embarked on a course of extricating themselves from the active exercise of power. The process will be gradual, however, and there probably will be setbacks. Even if the military does return to the barracks, the generals will retain a political role as overseer of the political process.

A. President-elect Figueiredo, a military man himself, is publicly committed to continuing the liberalization process begun by

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President Geisel. This process has included shelving the decree law giving the regime sweeping dictatorial powers and the virtual cessation of press censorship.

B. The plan to move back toward a civilian-based government is largely supported by the bulk of the armed forces, and reflects a number of factors. Traditionally, the officers have not held power for lengthy periods and have no institutional thirst to perpetuate themselves in office. The military has become wary of the responsibility for the full range of economic and political problems of this increasingly complex country, and, to a large degree, the military sees their main task, the establishment of the basis for sustained economic growth, as having been accomplished.

C. Nonetheless, the transition is likely to be difficult and could be threatened if Figueiredo proves unwilling or unable to deal with the complexities and nuances of a period of change. The transition could also be threatened if civilian groups press too hard and too fast for immediate tangible progress or if an extremely grave economic crisis occurs, causing the regime to reimpose stringent controls on society. A further danger would be if military unity is endangered by the proselytizing of a small but determined group of military conservatives who oppose any substantial liberalization.

D. Even if liberalization fares well, the government will not become as open as that of the US or other Western nations. In Brazil, governments, whether civilian or military, have tended to concentrate

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a preponderance of power in the hands of the executive and even among civilians, authoritarian and paternalistic institutions are strong. In addition, the armed forces have traditionally acted as the moderators of governments, and even out of power will retain the overseer role.

V. In the Andean region, there is likely to be instability and uncertainty over the next few years as Peru, Bolivia and Ecuador attempt to return to constitutional rule. The trend toward some form of civilian and constitutional government is more pronounced in Ecuador and Peru than in Bolivia, but all three countries have timetables that might accomplish this goal by the early 1980s. Most military and civilian leaders want to see the process through. There may be temporary delays and setbacks, however, as occurred recently in Bolivia (the coup in September) and Ecuador (an attempt to abort the presidential elections).

A. The process of creating a genuine democracy would be difficult under the best of circumstances in these societies that have never developed stable political institutions or strong traditions of elected government. Of the 30 million people who live in the three countries, approximately 80 percent are either of pure Indian ancestry or are of mixed Indian and Spanish stock. The majority of this group do not participate in the political life of the nation. One-half of the population is illiterate.

B. In Bolivia and Peru, democratization is further complicated by severe economic and financial problems that could cause serious social unrest during a period of intensified competition among political parties.

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Military leaders -- especially in Peru -- will want to see tangible progress in resolving economic ills before they return to the barracks. The Bolivian situation is further complicated by the fact that the military government has been unwilling to undertake unpopular economic reforms because of the fragility of military as well as civilian support.

C. The problem in Ecuador is not economic, but rather the opposition by a decided minority of key military officers and the Guayaquil oligarchy to leading presidential candidate, Jaime Roldos.

VI. Democratic governments predominate in the Caribbean Archipelago (the Antilles plus the mainland countries of Guyana, Surinam, and French Guyana, although they will probably become increasingly authoritarian over the next few years. Most of the islands are going broke, with soaring balance of payment shortfalls, high unemployment, heavy population pressures and growing debt burdens. The trend in the Caribbean is toward state capitalism, nonalignment, and closer relations with Communist Cuba. There is little chance, however, for the radical overthrow of any established government.

A. In the Dominican Republic, democratization has increased with the election of President Guzman. Institutionalizing constitutional rule will be extremely slow, however, because the new President is threatened by ruling-party factionalism, the extreme left, and a suspicious right-wing military establishment.

B. In Haiti, the Duvalier family will continue its cautious policy of "liberalization" in response to US-sponsored human rights

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pressures, but the repressive dictatorship will make no concessions that will actually lead to a democratically elected government.

C. In Guyana, the corrupted parliament system will likely remain under the thumb of Prime Minister Burnham. The Prime Minister blatantly rigged a referendum in July that put off scheduled elections and empowered his legislative majority -- the result of wholesale fraud in the 1973 election -- to write a new constitution that almost certainly will entrench his position. The leadership of socialist Burnham and his Marxist archrival, opposition leader Cheddi Jagan, will increasingly make Guyana a casualty among struggling regional democracies.

D. In Jamaica, strong democratic institutions will probably survive despite the activities of Prime Minister Manley. The Prime Minister, since his election in 1972, has tried to radicalize the political system, but is now facing growing criticism from labor unions, churches, the independent courts, the free press, professional groups, and parliamentary opposition. He could well lose the next election required by 1981.

E. In other Caribbean developments, the five British Associated States in the Eastern Caribbean (Antigua, St. Kitts-Nevis-Anguilla, St. Vincent, St. Lucia, and Dominica) will almost certainly become independent. Although pressed by leftist youth movements and friendly overtures from Cuba, the new states will remain committed to parliamentary democracy and labor-based political parties. The Netherlands Antilles will probably follow the British Associated States into

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independence. Although facing similar political problems, generous Dutch aid will likely alleviate the pressure.

VII. In Middle America (Mexico through Panama) major political changes are slated for Panama and Mexico, whose one-party system can best be described as bureaucratic authoritarianism, is taking steps to widen political participation. Of the four military regimes in Central America, only Honduras has definite plans for a return to civilian rule.

A. In Panama, in conjunction with General Torrijos' decision to relinquish his post as Chief of Government, the 505 member legislative assembly will likely approve shortly a series of political reforms, including legalization of political parties. The present legislative assembly will continue to function but a smaller National Legislative Council will be established, purportedly with real lawmaking powers. While one-third of the new council will be directly elected in 1980, a comfortable two-thirds majority will be drawn from the present Torrijos-dominated legislative assembly. Direct presidential elections will be held in 1984, following the six-year term of Torrijos' handpicked choice for president, Aristides Royo, who was elected by the assembly this month without opposition. In short, political change in Panama is occurring, but at the rate Torrijos chooses.

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In Central America, prospects for democratic rule are bleak. The instability in Nicaragua has alarmed the entrenched economic elites who, through a coalition with the armed forces, rule Guatemala and El Salvador. Already faced with severe socio-economic problems and growing domestic violence, military leaders will not want to trust a civilian government as long as domestic and foreign insurgent groups are a threat. In Honduras, despite the removal of Chief of State Melgar in August by fellow officers, the three-man junta, recently reaffirmed its commitment to hold presidential elections in 1980. The military triumvirate and the 35-man group of Lieutenant Colonels who help set policy have proceeded with voter registration and other electoral plans scheduled under Melgar, and have not yet given any indication that they plan to renege on their commitment. There are severe potential problems, however, including the situation in Nicaragua and the possibility that military leaders cannot agree on acceptable candidates.

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